

Special Opportunities Fund, Inc. Elects to Retain a Portion of its Long Term Capital Gains

New York, December 31, 2012—Special Opportunities Fund, Inc. (NYSE: SPE) (the “Fund”) today announced that it has made an election to retain \$1 million (\$0.1468 per common share) of its realized long term capital gains for the year ending December 31, 2012. As a regulated investment company, these gains will be designated to common shareholders of record on December 31, 2012 and the Fund will pay federal income taxes of 35%, equivalent to \$350,000 (\$0.0514 per common share). The tax effect is the same as if the retained capital gains had been distributed to the Fund’s common shareholders, who then elected to reinvest 65% of the amount received. The 35% capital gains tax paid by the Fund is considered to have been paid on behalf of the common shareholders who will be issued a Form 2439 and will be entitled to take a credit for such taxes paid.

As a result of this election, the amount of the Fund’s previously declared year-end stock dividend of \$0.95 per share of common stock representing long term capital gains, short term capital gains, and net investment income may be revised and may also include return of capital.

In addition, as a result of this election (1) the conversion ratio for the Fund’s convertible preferred stock will increase from 3.1813 shares to 3.1918 shares of common stock for each share of convertible preferred stock, and (2) the minimum net asset value that the Fund’s common stock must reach before the Board can determine to redeem the convertible preferred stock will be reduced from \$19.05 to \$18.9986 per share.

For information, please contact: John Buckel, U.S. Bancorp Fund Services, LLC (1-414-765-4255)